## SUBWAY BONDS

Continued from Pirst Page.

Takes to Their Youthfulness.

"Let us see about these young men," buy a competing line and turn it over to said be. "The first of them who appears in talk intant enterprise is Ste-

es," said Mr. Davison.

Ht was not a very young man, was thought you say be was ten the Southern.

Sagor? A Also till a pretty young to you were a trustee of one road, do you think it would be proper to

Comptroller | change. the Currency. Mr. Davison thought | "We do not seem to be able to find ars old back in 1903.
The next man on the list," said Mr. commented Mr. Untermyer.
The point that Mr. Untermyer.

thought," added Mr. Unter-

in that regard," said the witness. Well, we will find out how much it affected the marketability and loan-tection you needed," said the coun-ability of the old stock?" Mr. Davison figured that Mr. of the house," said Mr. Davison.

The last of these young men.' said is listed. Mr. Untermyer, "was senior partner of Kidder Peabody & Co., was he not?"

After going through this list Mr. listed."

"Just as soon as the voting trust said he, "but if the house did it it is Q. But that is the was created.

Q. And when the trust expired five years later did the fear revive? A. It did not.

"I would be perfectly willing to dissolve piled that he was. that in the case of the Guaranty as well asked the witness with a look of sur-

as the Bankers Trust Company the voting trusteeships had served their purpose. He contended that through"I would not be sur purpose. He contended that through-out their existence they had exercised did control it," was Mr. Untermyer's ment of either company.

should not be dissolved, but I do see that in view of the possible new legistation their desirability might gather a

ternal workings of the institutions than Company? has the Pujo committee."

dderable to do with that lately," said Mr. Untermyer. "Seemingly," replied Mr. Davison.

May Make Recommendation. Finally, Mr. Untermyer asked the witness flatly if he would make the solved. He declined to give this flat tion.

"Now you have hedged," said Mr. Untermyer. "I don't say I will make the recom-

mendation," repiled the witness. "I say I may make such a recommendation.

The committee's counsel took up with A PUJO PROBLEM Mr. Davison the question of the proas fiscal agents for competing railroads. The situation in the South was the one to which Mr. Untermyer addressed himself particularly. Mr. Davison acknowledged that the Southern Railway and the Atlantic Coast Line are competitors in the seconded younger and that the Louisville and Nashville competed with the Southern at certain

It was at this point that Mr. Untermyer undertook an, analysis of the youthfulness of the men who organized the Bankers Trust Company.

Q. Do you think it was proper and legitimate, in view of the Southern Railway and in view of Mr. Morgan being one of the voting trustees, that that firm should

Phen Baker. He was president of the Bank of Manhattan, wasn't he?"
"Yes," said Mr. Davison.

The committee's counsel was referring to the relation existing between the Atlantic Coast Line and the Louis-

be supporting and strengthening one of its competitors? A. Yes, I think it would

the is well over 70 years. I do not key marky.

I do not think so. I do not key marky.

Fig. 2017 A. Yes.

F

Ring comparatively.

He is a man in the neighborhood of sait he? A. I think not.

Well, 60 or so? A. I should say 61

Well, 60 or so? A. I should say 61 proper for anybody to do that.

Q. Applying the same principles to in Concedes Mr. Davison Is Young, dustrials it is your opinion that it would be consistent for J. P. Morgan & Co. to direct the policy and act as barkers for two or more competitors? A. I think that

quing man and still are," was Mr. Un- Mr. Untermyer started to question but he remarked that Mr. Davison in regard to the listing on the time was vice-pres- the Stock Exchange of the new se-Int of the First National Bank.

Mr. Untermysh pointed out that the the voting trust had been created. Mr. next name was Jatace H. Eckels, pres-ident of the Commercial National Bank miliar with the details of the Stock Ex-

Granville A. Garth was about 35 any banker in New York who knows anything about the Stock Exchange,"

Untermyer, "Is A. Barton Hepburn. The point that Mr. Untermyer was president of the Chase National wanted elucidated was what effect the nk, wasn't he?"
I can see now," said the witness, from the exchange's list had had upon the holdings of minority stockholders thought we were young men. Put it who had refused to assent to the votthat way. I will qualify my former ing trust plan. Mr. Davison could

"But don't you realize," asked Mr. myer, That you were all young men Untermyer, that when J. P. Morgan who had to be protected from promoters & Co. applied to the Stock Exchange to list the new extended voting trust on of age did not harm certificates and 174,000 shares of the old stock were stricken from the list

or the committee as he continued quire about the ages of the oracrs of the Eankers Trust Comtect them, because that is the policy

Means Better Sleep.

Mr. Davison explained that the voting trust had not been cancelled, because it apparently had been popular and no question ever had been raised and no question ever had been raised.

It was at this point that Mr. Unterpoutes of subways? A. Yes.

Q. They have one and you have the have one and you have the have one and I do not know that they have one and I do not know that we have have one and I do not know that we have have one and I do not know that we have have one and I do not know that we have have one and I do not know that we have have one and I do not know that they have one and I do not know that we have have one and I do not know that they have one and I do not know that we have have the financing of this made more issues of securities alone than now, but they were smaller in than now, but they were smaller in than now, but they were smaller in than now. th now in regard to it.

So far as I am concerned," said he, startled at this sudden jump from Wall transaction, street to upper Fifth avenue, but re-

Mr. Daylson expressed the opinion "We do not control that too, do we?"

no interference with the actual manage-ment of either company.

did control it," was Mr. Untermyer's Mr. Davison, that the State puts in Bank had participated. Mr. Davison this \$70,000,000 bonds behind this \$170,000. nt of either company.
'I see no reason," said he, "why they "I would not be either if two of us

new prominence."

"The voting trusteeships of the two companies." said the witness, "have never had any more to do with the instead of the Joseph of the Jos ever had any more to do with the inrnal workings of the institutions than
as the Pujo committee."

"But we think the committee has had
onsiderable to do with that lately." said

Q. Is it not a fact that on Thursday afternoon at 4 o'clock there meet at the Metropolitan Club weekly for some time the representatives of a half dozen or more banks in New York and there dis-cuss matters of business. A. There never have been such meetings in the world so far as I know. I never attended one and there is no foundation recommendation that the voting trust of so far as I know. I never attended one the Bankers Trust Company be dis- and there is no foundation for the ques-

Mr. Untermyer replied that the committee has received information to the effect that such meetings had been held. Henry P. Davison.



on the record," said Mr. Davison.

Asks About Subway Bonds. New York.

Q. Have you partners in the enterprise?
A. Yes, the First National Bank and the National City Bank.

System are found sufficient they are to be paid first? A. Yes.

Q. Next the interest on your bonds that country."

Names Other Participants.

Covers a Wide Territory,

Q. And the First National Bank? A. I "There are a great many people," ne must decime to guess on the said, "who sleep a good deal better do not recall, but I will say that it covers that partner," was Mr. Davison's re-when they own securities that are not think in that and South but there is a "There are a great many people," he must decline to guess on these because I a wide territory. We have gone West, I think, in that and South, but there is a

Mist going through this list Mr. Chieffings while do know who the grounders were against whom "these young men were trying to protect themselves."

Q. Then why do you list them? To deprive people of their sleep? A. It is of a divantage to the security to be listed. Q. But why do people sleep better when added: "I think it would be unfortunate to name the individuals here, bedone very notorious."

To you fink it would be unfortunated to know when the fear of "these young men" as regards the promotors disappeared, and Mr. Davison replied:

"Just as soon as the voting trust was created."

To deprive people of their sleep? A. It is of early large interest in that in Europe. A. It is of wery large interest in that in Europe. Q. But you do not know where the security to be listed. Q. But why do people sleep better when they was not listed? A. Because they people on not see their stocks go down of the security to be listed. Q. But why do people sleep better when they are not listed? A. Because they people on not see their stocks go down of the security to be listed. Q. But why do people sleep better when they are not listed? A. Because they people on not see their stocks go down of the security to be listed. Q. But why do people sleep better when they are not listed? A. Because they people on not see their stocks go down of the security to be listed. Q. But which there is a very large interest in that in Europe. Q. What is your pointon? A. I think it world be unfortunated to mame the individuals here, bedwing the motional City—under one underwriting, or the set within that is a fair question? A. Probably under one underwriting. Ye have expressed the promotorious."

To think it would be unfortunated to mame the individuals here, bedwing the notion of the security to be listed. Q. But that is the first of were in that that in Europe. Q. But that and South, but there is a very large interest in that in Europe. Q. What is the more therefore concents—your service the middent of the people who buy stocks go down on the list

is in New York as well as in Brooklyn.
Q. There are two systems; two proposed routes of subways? A. Yes.

Old Issues Were Smalle

associates, I understand. Q. Their transaction involves raising about \$40,000,000 does it not? A. That is recurrities on the list which were not my recollection.

A. No, you are not right in that

Funds of City and Company.

Q. I do not want to go into the details of that complicated transaction. I only want to know the single fact as to how much the city of New York puts back of your \$170,000,000 of bonds? A. The contract provides as I recall it that the city and the company shall put in \$58,000,000 each parl passu for the construction of the each pari passu for the construction of the

Q. Behind your bonds? A. What do you mean by 'behind the bonds'? Q. I mean as a subsequent lien only and the interest to be paid only after the interest and sinking fund are paid on the bonds that your firm are to buy. A. To answer that question I would have to take up the broad subject because an answer to that question alone would give a false

Mr. Untermyer then asked the witness Q. I think that without taking up that Frank C. Clark, Times Building, New York.

if the firm of J. P. Morgan & Co. kept a ong transaction, a complicated one, it ought list of individuals, partnerships or cor-porations from which they made selecporations from which they made selections to offer participations in their syndicates.

"We do not. I would like to get that they do not. I would like to get that they one part of that transactions from which they made selection to put behind those bonds as a subsequent their syndicates.

"We do not. I would like to get that transactions from which they are the transactions from which they made selection to put behind those bonds as a subsequent their syndicates."

"We do not. I would like to get that

No Guarantee, He Says.

Q. I mean, provided the earnings are sufficient for that purpose. It provides a preference? A. It is a preference pro-

Q. How many allotments have been made? A. It is a pure guess, but I would say perhaps 100 or 125.

you are to take is to be paid and the sinking fund out of the earnings? A. No. I must answer that question because it is important enough for you to ask it. Under the paid and the sinking fund out of the earnings? A. No. I must answer that question because it is before they were disturbed.

Six More Arson Indictments Handed the first factors Trist Compiled Mr. Services and all the services and offer being and the first factors and offer being for the first factors and offer being factors and offer being for the first factors and offer being factors and offer

ng? A. That is correct.
Q. Is there any other banking house in the United States that would have the facilities to take that issue of bonds that you are taking? A. Do you not think it would be a little presuming in me to say

Q. What is a matter of opinion.

Q. What is your opinion. A. I think it is fair to express the opinion. No, I am not sure that there is no other house in the country that can do that.

Q. You cannot say so. A. No.

Q. Is not your ability to measure and this is the New York end? A. No. it is the Brooklyn Rapid Transit, but it is the Brooklyn Rapid Ra

Q. And they have the financing of the character. Mr. Untermyer handed Mr. other transaction? A. Yes, they and their Davison a list of assets amounting to \$10,900,000 held by the Bank of Comsecurities on the list which were not Q. And yours \$170,000,000? A. That is either part of an issue made by y recollection.

Q. Am I right in making the statement, National Bank or the National City

Q. You recognize, do you not, that the Q. Does it not agree to do so if necessary? A. No.
Q. How much does it agree to put in?
A. Are you asking me for the character of the contract between the city and the Interborough?

Q. You recognize, do you not, that there is a great advantage in having an entree and an interest in one of those banks and a representation on the board? A. There is absolutely no advantage at all.
Q. Do you think it a disadvantage? A. At times; not always.

Mr. Davison testified that J. P. Mor-

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Mr. Untermyer referred to a recent upon the development of commerce and issue of \$67,000,000 by the American industry. Telephone and Telegraph Company. He "I shou wanted to know what there was left for New York are quite competent to take that company to do except to give the care of all business that comes to New issue to J. P. Morgan & Co and bankers York," he said.

are ten houses in New York city that to-morrow, could get up a syndicate in twenty-four hours, irrespective of J. P. Morgan & Co. Kuhn, Loeb & Co., J. S. Morgan & Co. of London, Kidder, Peabody & Co. and others

that you have mentioned. Mr. Untermyer called upon the witness to name one issue of that magnitude that had been floated without resort to these big banking houses or without their cooperation. Mr. Davison He was accompanied by his wife

showed that in the last five years there had been security issues of more than \$10,000,000 each, aggregating all told \$332,000,000, which had been brought out without the active participation of J. P. Morgan & Co. and the so-called banking houses that are supposed to cooperate with them. This list was in reply to Mr. Untermyer's contention that no issue of securities over \$10.- 1000,000 had be at floated in recent years without the aid of J. P. Morgan & Co.

Sa winter home. There is no wire service to Jekyl, the dony hour, and it is impossible to get into communication being by boat, and it is impossible to get into communication the impossible to get into communication with the island to-night. It is possible that the Boosehellers did not proceed at once to Jekyl, but stooped on Cumberland Island and are guests at Dungeness, the winter home of Mrs. Carnegle.

Persons who saw Rockefeller at Fernandina this morning as he boarded the Billings yacht say that he did not appear to be ill. He boarded the yacht without the aid of J. P. Morgan & Co.

Neither Edward J. Newell, Sipp's forand the big banking houses that ac- spirits. cording to the Pujo committee have a control of credit. Mr. Untermyer questioned the accuracy of this list, and infor it it was withdrawn at his request

stockholders.

Mr. Davison saw no necesity for a pany, \$100,000.

Mr. Davison testified that J. P. Morgan & Co.'s stock interest of \$16,000 .-000 in the National City Bank has been held only a few years. Mr. Davison returned to testified that if Congress should pass a E. Burke. Q. We want the facts, Mr. Davison, law prohibiting the banking institueven if your sense of modesty is outraged, tions in New York and the four great

When asked whether or not he was

"I should say the bank facilities in

with whom they are associated under the present rule of banking ethics.

Q. Would these resources give greater power in the hands of one man than if power in the hands of one man than if they were scattered? A. I think it is an undeniable fact that the more the re-

Q. What else was there left for them ode? A. They could go to many other pusses. The comittee did not finish with Mr. FOYE BACK, FACES TRIAL To whom? A. Brown Bros. There Davison and will examine him further

> WM. ROCKEFELLER SAILS. Leaves Palm Beach and Goes to Jekyl Island.

BRUNSWICK, Ga., Jan. 22.—William Rockefeller returned this afternoon to Jekyl Island on C. K. G. Billings's yacht. mentioned a \$25,000,000 issue of Utah William G. Rockefeller. The Rockefellers Security Corporation notes in 1912 left Palm Beach last night in a special

without the aid of J. P. Morgan & Co. assistance and seemed to be in good

J. P. MORGAN DEPOSITS.

WASHINGTON, Jan. 23 .- A statement

Mr. Davison saw no objection to com- the course of the Pujo committee hear- than allow himself to be a scapegoat in pelling banks by law to make their as- ing to-day showing the depositories of case there was anything wrong in the sets public, but he did not favor the J. P. Morgan & Co. The statement matter of keeping Sipp out of town. It compulsory publicity of the record of showed the following balances carried by Morgan & Co. in the banks named Q. Are you a devotee of the principle that character is the thing that governs? National Bank, \$2.110.000; Chemical National Bank, \$1.383,000; Chase Na-National Bank, \$1.383, Mr. Davison declined to condemn the tional Bank, \$1,296,000; National Bank idea of a holding company, and he could not see how a monopoly could be preBank. \$922.000; National City Bank. talk back salary and his fee was to be half a dozen individuals if they accomplish it through their own ability and not through a holding company.

\$794,000: National Park Bank, \$1.100,000. Guaranty Trust Company, \$1,000,and not through a holding company.

\$1,000: Bankers Trust Company, \$1,000,down by Justice Ingraham in 1902 It was at this point that Mr. Untermyer took up the transaction in regard to the proposed bond issue of \$170,000.

The proposed bond issue of \$170,000.

The autorney paid to the petitioner \$625 and kept the balance. The petitioner \$625 and kept the balance due him the autorney stated that would not correct itself. If in New York.

No Guarantee, He Says.

Q. I understand that there is an arrangement guaranteeing the present earnings on the old Interborough? A. No. sir: there is no guarantee.

Q. I understand that there is an arrangement guaranteeing the present earnings on the old Interborough? A. No. sir: there is no guarantee.

Q. I mean, provided the earnings are practice it were wrong, it could not live.

Solventum of through a holding company.

Q. As an economic question you do not believe that ought to be permitted? A. I have never known of any case of that would not correct itself. If in pany, \$100,000; Central Trust Company, \$100,000; New York Trust Company, \$100,000; Ne

The following deposits were shown

CHICAGO, Jan. 23.—It was reported to-day that five indictments against three public fire insurance adjusters had been voted by the Grand Jury in the arson inquiry in the Criminal Court Building. It is expected that the indictments will be returned to-morrow before Judge Richard

E Burke.

one adjuster, according to the report. The afternoon. The inspector said the prestwo other men were indicted on separate ence of one woman of questionable

## gan since November 1, 1912, had issued in favor of further concentration of banking resources in this country. Mr. Davison replied that depended entirely **DORIAN CASE TO-DAY**

Will Also Make Report on Policeman's Charges Against Curran.

Newell, the Indicted Lawyer in Sipp Case, Was Censured in 1902.

The Extraordinary Grand Jury, whi is looking into matters connected w Police Department, will tak to-day the disappearance of Thomas Dorian, manager of the Avonel Hon which were brought out by the Electric Bond and Share Company and Hayden, Stone & Co.

Mr. Davison presented a list which had been prepared for him, which showed that in the last five years there had been security issues of more than

Nelther Edward J. Newell, Sipp's former lawyer, who was indicted by the Grand Jury on Wednesday for demeanor, nor his counsel, W. M. K. Ol-cott, was at the District Attorney's asmuch as Mr. Davison could not youch Mr. Davison Gives Committee List office yesterday. Mr. Newell's friends advised him on Wednesday that he tell the District Attorney anything he had learned in his professional connection was introduced by H. P. Davison in with the case as Sipp's attorney rather was rumored yesterday that Newell had decided to fight the indictment and not man John H. Neville and secured Neville's reinstatement in the department a dozen years ago. He recovered \$4,148

able to pay at that time and requested the petitioner to take his notes therefor The following deposits were shown in Boston banks: First National, \$190.tended that a complete monopoly would break in the making. When questioned in regard to "trusts" Mr. Davison said:
"I think they are great blessings to the country."

The following deposits were shown in Boston banks: First National, \$190.000: Second National, \$190.000: Shawmut National, \$247,000, and the Old Still retains: that after the maturity of the notes the petitioner demanded paymen from his attorney of the amount the petitioner to take his hotes the reformance in Boston banks: First National, \$190.000: Second National, \$140,000: Shawmut National, \$247,000, and the Old Still retains: that after the maturity of the notes the petitioner to take his hotes therefor, amounting in the aggregate to \$237, payable three or four months after date, which they are great blessings to the country." thereof, which the attorney neglected and

committee yesterday and he will be indictments were voted against called to complete his testimony this charges of being responsible for incendiary fires. The identity of the men indicted was not learned.

These indictments are the first resulting from a two weeks inquiry conducted unless he knew that the house as a by State Attorney Johnson.

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